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China's Response to Gorbachev's Speech [REDACTED]

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Summary

We believe China will seize the opportunity presented by Gorbachev's Vladivostok speech to push for further Soviet concessions, to increase Chinese leverage with the United States, to explore ways to reduce the Soviet threat to China, and to sow concern in Hanoi about the reliability of Soviet support. Domestically, Deng may see an opportunity to set the course for China's relations with the USSR before he hands over power to his successors, leaving them free to focus on the reform program. [REDACTED]

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In our judgment, China has not changed its fundamental assessment of the Soviet threat--nor is it even reevaluating it. By publicly calling for Soviet concessions on Cambodia, Beijing has placed a constraint on how far it can go with Moscow and tried to reassure Washington. In responding to Gorbachev, we believe Beijing will attempt to probe for and encourage additional concessions from Moscow without alarming the United States and China's Asian friends or allowing Moscow to exploit a Sino-Soviet dialogue to enhance Soviet leverage in the

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triangle. In keeping with its "independent foreign policy," moreover, China will continue to send mixed signals in its press commentary on both Soviet and US actions. []

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At the ninth round of bilateral normalization talks that began in Beijing on 6 October, we believe Beijing, in addition to pressing on Afghanistan and Cambodia, is pushing Moscow to:

- Withdraw the majority of Soviet troops from Mongolia.
- Pull back troops from its border with China.
- Reduce SS-20s deployed in the Soviet Far East.
- Curtail reconnaissance flights against China through North Korean airspace.
- Relinquish Chimnaya/Heixiazi Island across from Khabarovsk. []

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In our judgment, significant Soviet concessions in at least one area could induce China to make one or more of the following counter-concessions:

- Conclude a mutual nonaggression pact with Mongolia.
- Agree to confidence-building gestures along its northern border.
- Set dates for foreign ministerial talks.
- Increase working-level exchanges and consultations. []

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In fact, the Chinese have already agreed in principle to resume border talks suspended since 1978 and last month allowed visiting Soviet First Deputy Premier Talyzin to meet with Premier Zhao Ziyang. []

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We believe the Chinese will continue to rebuff Soviet efforts to reestablish party ties and will not agree to a summit between Gorbachev and either preeminent Chinese leader Deng Xiaoping or General Secretary Hu Yaobang prior to significant Soviet concessions on Cambodia. China is in the process of normalizing party relations with Eastern Europe--a move apparently sanctioned by Moscow in the hope of facilitating possible normalization of Sino-Soviet party ties later--to promote Chinese influence in the region at Moscow's expense. The Chinese also will continue to expand defense and economic ties with the United States. []

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Beijing's Soviet Policy on the Eve of Gorbachev's Speech

In the months preceding Gorbachev's speech on 28 July, the Chinese increasingly exhibited signs of frustration with Moscow's refusal to follow up its smooth rhetoric with concessions on any of what China calls the "three obstacles" to improved relations: Soviet support for Vietnam's occupation of Cambodia, the Soviet presence in Afghanistan, and the deployment of Soviet troops in Mongolia and along the Sino-Soviet border. Beijing last year tried to encourage Gorbachev to reassess Moscow's hardline policies toward China's security concerns by agreeing--without corresponding Soviet concessions--to resume long-suspended trade union and parliamentary relations and to exchange visits by their foreign ministers in 1986. We believe these moves were also designed to increase Beijing's leverage with Washington. [REDACTED]

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Moscow's continued intransigence at the last three biannual Sino-Soviet consultations and its blatant efforts to exploit the impression of improved Sino-Soviet ties to enhance its position vis-a-vis Washington, however, caused Beijing to brand Gorbachev's foreign policy as meaningless "smile diplomacy" and to back away from the exchange of foreign ministers. We believe Beijing chilled political relations for two reasons. First, the Chinese wanted to remind Moscow that the Soviets must address at least one of the "three obstacles" if gradual normalization of relations were to continue. At the same time, the Chinese sought to reassure the United States, Thailand, Pakistan, and others that China remained committed to resisting the security threat posed by the USSR and its Asian allies. [REDACTED]

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Indeed, Soviet military developments prior to Gorbachev's speech did little to persuade Beijing that Moscow had altered its long-term strategy of encircling China.

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Gorbachev's Proposals

In his speech given in Vladivostok on 28 July, Gorbachev made the following new proposals concerning China:

- The Soviet Union will withdraw six regiments from Afghanistan by year's end.
- Moscow is ready to discuss "concrete steps" to reduce land forces along the Sino-Soviet border.
- Soviet and Mongolian leaders are examining the removal of a "substantial part" of what we believe to be approximately 60,000 Soviet troops in Mongolia.
- The Soviet Union and China could cooperate in space exploration.

Gorbachev once again:

- Proposed bilateral discussions "any time, and at any level" on improving relations.
- Suggested the official boundary on the Amur River might pass along the main shipping channel instead of the Chinese bank. (Although this is the first time Moscow has publicly proposed this boundary formula, the Soviets did so privately as early as 1964.)
- Resurrected his call last year for a Helsinki-style Asian security conference.
- Reiterated Soviet willingness to establish a rail link between Soviet Kazakhstan and Chinese Xinjiang.
- Endorsed already-begun bilateral negotiations to jointly develop the Amur River Basin.

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Factors Governing China's Response

[] statements by senior Chinese officials indicate that Beijing sees Gorbachev's proposals as failing to address China's top security concerns--Vietnam's efforts to expand its influence at China's expense and Soviet efforts to encircle China militarily. Chinese strategic thinkers have also stressed in private conversations with Americans that China's assessment of the Soviet threat has not changed. []

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Nonetheless, we believe China has compelling reasons to begin a dialogue with Moscow on Gorbachev's proposals. In our judgment, Beijing believes further marginal improvements in Sino-Soviet relations would:

- Buy time for China to modernize its forces along the border. Beijing is in the process of implementing a new defense strategy that it believes requires at least a decade of reduced tensions to become completely credible.
- Stimulate competition between Moscow and Washington to woo Beijing.
- Increase tension in Soviet-Vietnamese relations, a major Chinese goal, by playing on Hanoi's fear of being sold out by Moscow. Vietnam periodically dispatches delegations to Moscow to seek reassurances of Soviet support.
- Assist domestic political goals. []

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At the same time, Beijing is well aware that too positive a response to Gorbachev's proposals could jeopardize its access to US, Japanese, and Western European advanced technology, investment, trade, and defense cooperation--major Chinese political goals. Nor does Beijing want to signal its friends and enemies in Southeast and South Asia that it might reconsider its stand on Cambodia and Afghanistan. Therefore, we believe China will attempt to:

- Encourage Soviet flexibility while continuing to criticize on the three obstacles and other security issues.
- Probe for major Soviet concessions on the three obstacles and China's northern boundary.
- Reassure Washington of China's pro-Western tilt, but implicitly try to exploit its option of playing the "Soviet card" to extract concessions from the United States on Taiwan or other bilateral issues such as trade and technology transfers.
- Reduce Moscow's ability to play the "China card" against Washington.
- Keep Thailand and Pakistan from wavering on Cambodia and Afghanistan. []

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Domestic Fallout from the Gorbachev Speech

Deng and his reform allies can gain in two areas from some further relaxation in Sino-Soviet relations, in our view. First, any reduction in tensions tends to benefit China's economic modernization program. Second, progress on the issue should smooth the transition to power for Deng's successors. [REDACTED]

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We believe Deng has designed many of China's foreign policy initiatives, most notably closer relations with the West, to support his economic reforms. Consequently, although he distrusts the Soviets, Deng would probably be willing to be more flexible if he believes he can win real Soviet concessions that can help his modernization goals. Avoidance of border tensions allows a more measured pace of military modernization and frees transport, manpower, and other resources. Deng may also hope to expand exports of goods China cannot trade elsewhere and gain further Soviet assistance in modernizing Soviet-built factories. [REDACTED]

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On the political front, Deng may see an opportunity to set China's Soviet policy before he hands power over to his successors. We believe that Deng has kept foreign policy issues closely under his own control, relying on his personal prestige and influence to manage this sensitive area. Deng's successors will not have his personal clout and therefore might be more vulnerable to groups that either have a different foreign policy orientation or seek to exploit foreign affairs for domestic political ends. The more Deng can stabilize relations with Moscow and win agreement on how to proceed, the more likely we believe his successors will be able to carry on the reform program with a minimum of distraction. [REDACTED]

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In our estimation, Deng's conservative opponents, who argued last year for a more flexible approach to the Soviets, cannot capitalize politically on Gorbachev's initiatives. We believe that recent political developments have greatly weakened the conservatives--especially those at the top--and have made it increasingly unlikely that the conservatives will be able to challenge Deng. In any case, it is our judgment that the conservatives are suspicious of both the United States and the Soviet Union. Thus, while there is some support among the conservatives for more distant relations with Washington, we also see very little active pressure for closer political relations with Moscow. [REDACTED]

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Possible Chinese Responses

We believe the Chinese will use scheduled contacts over the next several weeks to seek further indications of Soviet intentions, but the ninth round of vice foreign ministerial normalization talks in Beijing that began on 6 October provides the best venue to engage the Soviets in a meaningful dialogue on Gorbachev's proposals. Outlined below is our speculation about what the Chinese may be saying and why.

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Security issues. Remarks by Chinese strategic thinkers support our judgment that China is not satisfied with Gorbachev's implicit pledge to freeze the number of SS-20s in the Far East or his explicit promise not to relocate in the region any SS-20s that might be removed from Europe. We believe the Chinese are pressing for their total withdrawal. China probably is also protesting overflights of North Korea by Soviet reconnaissance planes targeting the Chinese coast, Moscow's expansion of its Pacific fleet, and the upgrading of Soviet airpower in the Far East.

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We nevertheless believe that the Chinese view Gorbachev's offer to withdraw troops from Mongolia and the Sino-Soviet border as an important unilateral gesture. If the Soviets commit themselves to withdraw one or more of their divisions in Mongolia--a move that would not jeopardize Soviet or Mongolian security--Beijing could reciprocate in a number of ways without compromising its own security. Chinese options include:

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- Announcing the "deactivation" of the Field Army opposite Mongolia
- Agreeing to warn each other of military exercises or major troop movements near the Sino-Mongolian border.
- Pulling back tank regiments from selected border defense divisions along the Mongolian frontier.

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If the Soviets go beyond a token withdrawal and pull back most if not all of their forces from Mongolia, we believe the Chinese would be willing to go further, perhaps signing a friendship treaty with Mongolia renouncing any claim to Mongolian territory and serve as a de facto mutual nonaggression pact--something the Soviets have been seeking.

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We believe a Soviet proposal to negotiate some sort of demilitarized zone along the Sino-Soviet border would be far less attractive to China than deactivation of Soviet divisions. Beijing has always expressed greater concern about the number of Soviet divisions in the Far East than about their proximity to the Chinese border. Nonetheless, if the Soviets offered to pull back all regular ground units 30 kilometers from the border, China, in our judgment, could respond by transferring northern border security duties from the PLA to the People's Armed Police.

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Expanded Political Contacts

China's cautious response to Gorbachev's initiative comes amidst a flurry of high-level exchanges with the Soviet Union and Mongolia that we believe is a combination of earlier scheduling, Chinese interest in Gorbachev's proposals, and Moscow's desire to portray Sino-Soviet relations as improving:

- Soviet First Deputy Premier Arkhipov arrived in China for "acupuncture treatment" on the eve of Gorbachev's speech and met with Vice Premiers Li Peng, Wan Li, and Yao Yilin before returning to Moscow on 26 August. According to a Western press account, Arkhipov presented the Chinese with an advance copy of the speech.
- Vice Foreign Minister Liu Shuqing proceeded with a long-scheduled trip to Mongolia--the highest-level Chinese visit to that country in over 20 years--which culminated in the signing of a consular treaty on 9 August. This treaty is consistent with similar agreements Foreign Minister Wu Xueqian signed in Berlin and Budapest in late spring, but takes on added significance because it follows on the heels of Gorbachev's Mongolian overture, which the two sides also discussed.
- Beijing Mayor Chen Xitong began a two-week visit to Moscow 17 August, the first such mayoral visit since the 1950s.
- Soviet Deputy Premier and Alternate Politburo member Talyzin, accompanied by Deputy Foreign Minister Rogachev, visited China in early September as Yao's guest. Talyzin also was received by Premier Zhao Ziyang and left Beijing with a new consular agreement and an accord to expand ties between Soviet and Chinese state planning commissions. According to a Soviet diplomat in Beijing, the Chinese in early May pushed for the visit of a deputy premier to reciprocate for Yao's visit in July 1985. Talyzin's visit was in response to this, but its timing nevertheless fortuitously strengthened the impression of improved ties following Gorbachev's speech.
- Wu and Soviet Foreign Minister Shevardnadze held the third annual Sino-Soviet foreign ministerial meeting at the opening of the UNGA in September. They agreed in principle to resume border talks next year, but did not schedule reciprocal visits.

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- President Li Xiannian hosted Polish leader Wojciech Jaruzelski for a 3-day working visit to Beijing in late September. Jaruzelski also met with Deng Xiaoping, Party General Secretary Hu Yaobang, and Zhao. Li, Hu, and Zhao accepted invitations to visit Poland and Li invited Jaruzelski to make an official visit to China, but the two sides stopped short of announcing a full normalization of party ties.
- Hu and Li will host an official visit to China by East German General Secretary and President Honecker in late October. Honecker's and Jaruzelski's visits to China--the first such trips in many years by Soviet bloc party leaders other than Romania's Ceausescu--and the progress toward normalization of party ties most likely signal similar developments with other East European Communist parties. Beijing sees these visits as leading to increased Chinese influence in East Europe, but Jaruzelski's and Honecker's party position and the certainty that Moscow has approved their trips nonetheless give the visits a Sino-Soviet focus as well.
- Rogachev is now in Beijing as head of the Soviet delegation to the ninth round of Sino-Soviet vice ministerial normalization talks.

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Boundary Talks. Wu and Sherdardadze announced at their UNGA meeting in September that China and the USSR next year will reopen formal border negotiations, which broke down in 1978 after Beijing publicly insisted on Soviet withdrawal from disputed areas and added a new demand that Moscow reduce its forces along the Sino-Soviet border to the level of Khrushchev's time. Gorbachev's hint that Moscow would accept the deepest channel (thalweg) of the Amur River as the line of demarcation holds out the promise that China would exercise sovereignty over most of the disputed islands in the river. Ownership of Chimnaya (Heixiazi) Island opposite Khabarovsk, however, is likely to be a sticking point, and any negotiations on the border are likely to be protracted as both parties weigh the impact on disputes with other nations.

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Amur River Basin and Railway Cooperation. China earlier this year reopened to Soviet shipping the port of Tongjiang on the Songhua River near the Amur, and we believe the two sides will sign an agreement on use of the basin based on their recent expert-level negotiations. China has announced that it plans to extend the Harbin-Longzhen railway 240 kilometers to Aihui on the Amur River and might cooperate with the Soviets in building a rail bridge across the Amur between Aihui and Blagoveshchensk to facilitate border trade. In the west, China plans to add some 400

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kilometers to the single-track Lanzhou-Urumqi railway, extending it to within 80 kilometers of the Soviet railway terminus at Druzhba. We would not be surprised if Beijing accelerated its construction schedule and agreed to connect the two railways as a sign of goodwill to Moscow. [redacted]

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Areas Where Beijing is Unlikely to Accommodate Moscow

Beijing has stated it will not compromise with Moscow on Afghanistan and Cambodia, and we believe China will hold significant improvements in political relations--such as party ties and a Deng/Hu-Gorbachev summit--hostage to meaningful Soviet movement on these "obstacles." In an interview with Mike Wallace of "60 Minutes" in early September, Deng offered to travel to Moscow to meet with Gorbachev if--but only if--the Soviets withdraw their support for Vietnam's occupation of Cambodia. [redacted]

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China probably calculates that even the hint of China's flexibility on these issues would greatly harm its credibility with the United States, and such Asian friends as Pakistan and Thailand. Moreover, we believe the Chinese will attempt to assuage their friends' natural suspicions of any Sino-Soviet border agreement, and may couple progress in one area with stepped-up criticism of Soviet activity elsewhere, especially Cambodia and Afghanistan. We expect the Chinese to reject Gorbachev's proposed Asian security conference, as they have in the past. Beijing also will not, in our view, agree to forswear the option of strategic cooperation with Washington against Moscow. [redacted]

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Finally, Beijing's pride in its own space-launch capabilities most likely will keep China from taking Gorbachev up on his offer to join the ranks of Mongolia, Cuba, and various East European satellites as a junior partner in the Soviet space program. The Chinese, moreover, have already expressed interest in a US invitation to participate in a future space shuttle mission. [redacted]

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Positive Signals China Can Send in Other Areas

Even if the Chinese rule out concessions specifically linked to Gorbachev's proposals on the grounds that Gorbachev merely responded to earlier Chinese gestures, they could nevertheless reward Gorbachev and encourage further Soviet concessions in other ways. Possible moves might include:

- Increasing consultations between working-level officials on international issues, including relations with the United States.
- Regularly exchanging views (but not intelligence) between think tank experts on economic development and foreign policy issues.
- Proceeding with the exchange of foreign ministerial visits.
- Exchanging visits by editors of Pravda and People's Daily. [redacted]

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Without significant progress on Cambodia, however, we believe the Chinese will not agree to a summit between Gorbachev and Deng Xiaoping or Hu Yaobang. Such a move would be too close to a resumption of party ties, which Beijing probably believes would give the Soviets excessive leverage within the strategic triangle while undermining China's credibility as an independent actor in both the West and in the Third World. [REDACTED]

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Outlook for the Remainder of 1986

We expect the Chinese to try to use Gorbachev's initiative to encourage US concessions on Taiwan, trade, and technology transfer. But Chinese officials in private probably will take pains to reassure the United States and others of China's continued goodwill. Beijing, in our judgment, will exploit the "coincidental" timing of Defense Secretary Weinberger's and Gorbachev's visits and the fact that US Navy warships in November will make their first port call to China to press the Soviets for concessions on Chinese security concerns and to balance any improvements in relations with Moscow. China will also closely monitor developments in US-USSR relations as a possible full-blown Reagan-Gorbachev summit approaches, out of concern that Beijing may be caught behind the curve. Finally, in keeping with its "independent foreign policy," China will continue to send mixed signals in its press commentary on both Soviet and US actions. [REDACTED]

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SUBJECT: Possible Chinese Responses to Gorbachev's Speech

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